DECEMBER 1991

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TIPS FROM TOP SPORTS MARKETERS

'FACTS' SURVEY
LATEST TRENDS IN INCENTIVE SPENDING

A BILL PUBLICATION

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INCENTIVE

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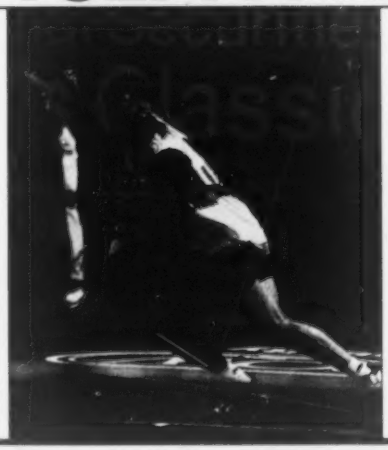

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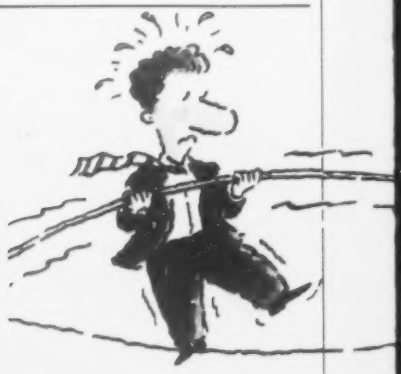

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Cover illustration by Daniel Kirk

INCENTIVE helps companies become more productive and improve the quality of their work by motivating employees to work more effectively and customers at all levels to buy. Our stories demonstrate the benefits of integrating internal motivation programs and external marketing efforts.

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FROM THE EDITOR

WHY NOT MOTIVATION 101?

BY BRUCE BOLGER

As economists continue to search for the fundamental components of growth and prosperity, I wonder to what extent they've overlooked the role of employee motivation. It seems to me that the motivation of a work force—indeed, of a population at large—represents one of the most fundamental yet under-studied determinants of the success of a business or a country.

In Economics 101, we learned about the connection between productivity and prosperity. Increasing per-person output enables companies to pay employees more and provide them with increased benefits that directly contribute to their material quality of life. We learned that myriad factors contribute to productivity, including research and development, automation, capital formation and training.

What about motivation?

I know of no research correlating employee motivation with success at either the corporate or government level, but certainly, anecdotal evidence strongly supports a fundamental link. Look at companies like Wal-Mart, Federal Express and American Airlines, all of which have emphasized the importance of involving and motivating employees. To be sure, each has its own shortcomings and problems, and even the best motivational programs aren't a solution to problems at the technological, market or financial levels. Yet each of these companies has outperformed major competitors by clearly defining a standard of service and mobilizing people at all levels to achieve it and even surpass it.

A similar situation exists in national economies. More than in any other nation, workers in Japan are committed to continually improving products and services to meet changing consumer needs. Indeed, many in Japan fear that a lack of motivation in the younger generation threatens the growth and prosperity so painstakingly built after the war. The global collapse of communism further supports the premise. Many would argue that communism zapped people's incentive to continuously improve, leaving a national work force too stagnant to significantly upgrade productivity or compete in the international arena.

It seems to me that such compelling evidence indicates a pressing need for some form of scientific analysis of what contributes to the motivation of a people and how this motivation, in turn, contributes to prosperity. Such research undoubtedly would provide key insights for mobilizing people to continually improve their productivity, and thus their potential for an improved standard of living.

Bruce Bolger

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SPECIAL REPORT

1991 FACTS SURVEY

Budgets for incentive marketing and employee motivation campaigns slipped in 1991, with overall expenditures—as estimated in **Incentive**'s year-long series of surveys—edging up only 1.5 percent from last year, falling below the rate of inflation and making their weakest showing since 1974.

The new total estimate for the whole field comes to $17.2 billion. In a pie that size, the increase of less than $255 million represents a small additional slice. Given inflation, the climb actually means about a 3-percent decline in real activity.

Sales incentives, often in the vanguard in recent years, paced the field with a 4.6-percent advance in usage. Though sales-force campaigns hit a 10-year low in results, the average sales-campaign yield of 16.2 percent did help many sellers maintain market share and pick up a little new business.

Spending for sales incentives, in fact, was up $260 million, meaning that total usage in all other categories fell slightly. The low point was registered in consumer premiums (a drop of 0.4 percent), thanks mainly to a major drop in retail activity; product promotion to consumers by manufacturers showed a little more staying power. Another decline: the 0.1-percent drop in business gifts—clearly an area ripe for cutting in tight times.

The recession bares its teeth and takes a bite out of incentive budgets.

Incentive's FACTS surveys during the year also unmasked a bit of early optimism for the promised end of the recession and the hoped-for recovery. The study on dealer incentives (see April 1991, p. 48) found respondents forecasting a modest but hopeful rise of 4.8 percent in their spending on promotion to retailers, distributors and wholesalers; that compares with this month's final estimate of only 0.7 percent, reflecting a net decline in real activity and a clear ebbing of optimism.

Similarly, consumer-premium users claimed earlier this year (see May 1991, p. 90) that they would spend an average of 7.3 percent more on promotions in 1991; this eventually shrank to a 0.4-percent drop when the final estimates came in at year's end. It's remarkable that usage did not fall more, in view of a recent study by the Association of National Advertisers showing a 12-percent cutback in corporate ad budgets in 1991. (No figures on sales promotion spending were reported among the 174 ANA member firms.) The consumer estimates are heavily affected by retail figures, which declined by 10.9 percent in spending this year. Product promotion by manufacturers and distributors did show a gain of 3.7 percent.

Overall, this year's performance represents a 17-year low point in incentive growth. Even in the recession year of 1982, expenditures rose by an estimated 4.5 percent—although the move was wiped out by a 5-percent inflation rate. The last significant drop was recorded in 1974, when marketers' use of incentives was counted at slightly more than $4.8 billion, down 3.8 percent from the $5 billion logged in the previous year; inflation at that time was a mammoth 12.3 percent.

The Incentive Field At A Glance

	1991 Estimated Expenditures	1990 Estimated Expenditures	Change
SALES INCENTIVES	$5,913,010	$5,652,900	+4.6%
Merchandise	4,351,173	4,152,838	+4.8%
Travel	1,561,837	1,500,062	+4.1%
DEALER INCENTIVES	$3,101,970	$3,080,050	+0.7%
Merchandise	2,031,033	2,022,415	+0.4%
Travel	1,070,937	1,057,635	+1.3%
MERCHANDISE TOTAL	$6,382,206	$6,175,253	+3.4%
TRAVEL TOTAL	$2,632,774	$2,557,697	+2.9%
BUSINESS GIFTS	$1,754,782	$1,757,005	-0.1%
CONSUMER PREMIUMS	$6,484,071	$6,508,882	-0.4%
TOTAL ESTIMATED USAGE	$17,253,833	$16,998,837	+1.5%

ALL FIGURES IN THOUSANDS

A longstanding myth holds that incentive promotion is "recession-proof." However, it is naive to suppose that a practice so pervasive in all areas of business can possibly escape the effects of a downturn. Incentives offered to consumers and dealers are characteristically tied in some with some form of sales activity; if the sales lag, the incentives aren't awarded. As for business gifts, they're highly discretionary, and thus easily pared to match any belt-tightening.

Apart from sales incentives, the only category to hold so much as a 1-percent gain is dealer travel, up 1.3 percent in spending. One reason for the staying power: Most 1991 travel expenditures were planned very early in the year, if not in 1990. Once they were announced, most users didn't have the option (or the heart) to cancel or cut back basic plans.

Incentive Usage By Industry

INDUSTRY	Est. 1991 Expenditures	% Change From 1990
Food Industry	$1,866,185	+4.1%
Toiletries & Cosmetics	1,233,621	+5.7%
Auto Parts, Tires, Accessories	962,426	+0.7%
Insurance	848,022	+7.5%
Electronics, Radio, TV	550,995	+4.8%
Automobiles & Trucks	550,661	-2.5%
Building Materials	416,217	+4.4%
Publishers, Printers, Broadcasters	339,354	+1.5%
Heating & Air Conditioning	332,952	0.0%
Petroleum Products	322,692	+1.1%
Office Equipment	319,535	-1.4%
Beer, Ale & Soft Drinks	283,069	+3.6%
Detergents & Cleansers	265,669	+6.6%
Electric Appliances	245,145	+1.1%
Farm Equipment	233,213	+5.6%
Feed, Fertilizer & Farm Supplies	228,875	-2.8%
Banks and Savings & Loan	228,470	+7.0%
Pharmaceuticals	217,643	+6.1%
Machinery & Supplies	191,677	+2.0%
Housewares & Home Furnishings	187,822	-10.0%
Electrical & Lighting Equipment	145,553	+1.4%
Industrial Chemicals	128,300	+3.1%
Furniture & Floor Coverings	105,793	+2.2%
Paper Products & Packaging	105,153	+3.3%
Paints & Varnishes	68,369	+0.1%
Apparel	62,703	-2.0%
Sporting Goods & Toys	58,042	-0.2%
Hardware	38,071	+0.8%
Public Utilities	33,406	+9.4%
Miscellaneous Manufacturers	1,022,121	+4.3%
Miscellaneous Services	1,107,084	+1.8%
Wholesalers & Distributors	1,705,724	+4.5%
Retailers	2,849,271	-4.7%

ALL FIGURES IN THOUSANDS

Industry patterns. Not all industries behaved alike, of course, and a few showed advances. Seven industries spent at least 5 percent more this year than in 1990.

As a group, the industries with the biggest increases also represent a relatively large share of total spending for incentives—thus keeping the overall total of expenditures from dipping into negative ground. The seven showing a growth of 5 percent or more account for 18 percent of all the dollars spent this year. The six laggards represent only about 8 percent of the field, and so exerted far less pressure on the total.

For the second straight year, travel growth in the trade categories has fallen behind spending for merchandise awards—after a number of years when travel outstripped the more tangible goods. Users' reports on sales-program results offer some explanation. In 1990, when travel usage slipped behind merchandise growth by 2 percentage points, the average sales yield of programs offering trips to salespeople and dealers stood at 16.7 percent, only a hair better than the 16 percent reached in 1989 (following a 21-percent report in 1988). This year, **Incentive**'s travel survey found a nine-year low in the average sales increment—just 14.5 percent—where users had been accustomed to yields of between 17 and 21 percent.

This apparent slippage in travel-program results may explain the moves in spending patterns this year: Travel increased by 2.9 percent, while merchandise spending went up an estimated 3.4 percent. In campaigns aimed at dealers, however, the picture was different, with travel spending outstripping merchandise expenditures.

SALES INCENTIVES

Despite the recession, 41 percent of the salespeople who were offered incentives this year reached their goals and won awards. That figure was a point better than 1990 and the best since 1988.

Sales gains in those campaigns, however, did not reach the heights they attained in earlier years. They averaged 16.2 percent, after an 18.4-percent year in 1990. Combined with the higher qualification rate, this likely indicates that corporate sales goals were scaled back to match economic realities. Yet, users of sales incentives say they held market share and maximized the sales potential that existed.

The sales-incentive survey conducted earlier this year (see September, p. 60) showed that users were giving high priority to "new business" as a campaign objective—with "selling new accounts" the second-most popular objective. "Overall volume increase" was favored by 53 percent, compared with 44 percent who chose that as the chief goal a year earlier. Sales incentive users also achieved results at the lowest cost (as expressed as a percentage of incremental sales) since 1987, spending just 12 percent of incremental sales gains on the average; the median held firm at 10 percent. Total spending this year for sales-force motivation is estimated at $5.9 billion, up from $5.65 billion a year earlier. This 4.6-percent rise in spending was a bit more than what executives had estimated in the mid-year survey; those users had forecast budget increases of just 3.5 percent.

Sales incentives also reached an all-time high in share of the total incentive field—34 percent, up one point from last year. As a comparison, dealer incentives accounted for 18 percent in both years.

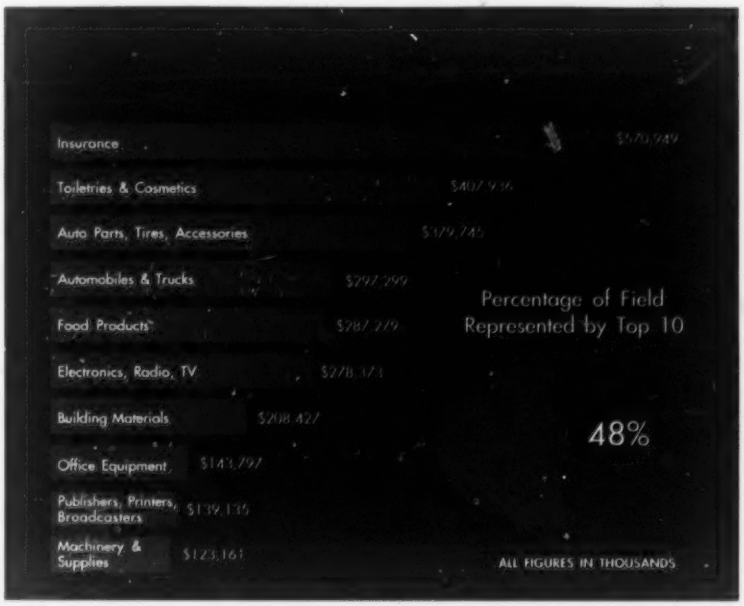
Four industries stood out as heavy spenders for sales incentives during the year, adding more than 8 percent to their plans. Not all industries were optimistic, however. There were seven industries that reported minus figures for their sales incentive spending in 1991, as the following list shows:

Apparel	- 1.7%
Auto Parts, Tires & Accessories	+ 4.7%
Automobiles & Trucks	+ 7.0%
Banks and Savings & Loans	+ 5.2%
Beer, Ale & Soft Drinks	+ 8.2%
Building Materials	+ 4.5%

Detergents & Cleansers	+ 9.7%
Electric Appliances	+ 2.6%
Electrical & Lighting Equipment	- 1.6%
Electronics, Radio & TV	+ 4.9%
Farm Equipment	+ 7.2%
Feed, Fertilizer & Farm Supplies	- 2.1%
Food Products	+ 6.6%
Furniture & Floor Coverings	+ 2.2%
Hardware	+ 1.4%
Heating & Air Conditioning	- 1.4%
Housewares & Home Furnishings	- 8.5%
Industrial Chemicals	+ 6.9%
Insurance	+ 9.1%
Machinery & Supplies	+ 1.5%
Office Equipment	- 2.0%
Paints & Varnishes	+ 4.3%
Paper Products & Packaging	- 1.0%
Petroleum Products	+ 4.4%
Pharmaceuticals	+ 5.3%
Public Utilities	+12.9%
Publishers, Printers & Broadcasters	+ 1.7%
Sporting Goods & Toys	+ 1.8%
Toiletries & Cosmetics	+ 1.3%
Distributors & Wholesalers	+ 5.4%
Retailers	+ 7.3%

The survey estimates include expenditures for both merchandise and travel, but they don't account for cash awards given by some marketers. However, **Incentive**'s sales survey in 1990 and again this year included a question on users' rating of cash as an incentive award. In a recession, when sales commissions dip, the question arises: Does this make offering cash prizes more attractive? Responses in the past two years suggest that the tough times have not had that effect.

In 1990, 31 percent of surveyed executives said they favored cash; this year, however, those opting for money dropped to just 24 percent. Travel was the big gainer in award preference, rising from last year's 36 percent to a favorable rating of 49 percent this year. Still, travel spending for sales incentives increased 4.1 percent, compared with a 4.8-percent growth in merchandise budgets over 1990 levels. For a variety of reasons—war and recession prime among them—this was not a year for some to act on the feeling that travel might be a better choice.



DEALER INCENTIVES

A select group of dealers surveyed by **Incentive** earlier in the year indicated they would spend 4.8 percent more than in 1990 for this year's programs—about a third less than 1990's growth rate. These executives also said they expected considerably higher award costs this year, but they also anticipated strong participation and a higher sales gain—over 18 percent on the average.

That was then (February), this is now; their minor optimism came to look quite starry-eyed when viewed a few months later. In the end, estimates for the year indicate only a 0.7-percent increase in current-dollar spending. The survey estimates now say dealer incentive outlays for the year stand at $3.1 billion, a budget gain of less than $22 million over 1990.

Nothing suggests that those early respondents found their individual award costs any lower than they had expected. But it now seems likely that their campaign qualifiers have been fewer than planned, and the sales growth leaner. An incentive-travel survey conducted six months later found respondents—including many dealer incentive promoters—experiencing a significant drop in their travel-campaign sales results, from a 16.7-percent yield last year to a nine-year low of 14.5.

Certainly the incentive plans are there, but the sales to earn the awards are simply not being made. No one can know, of course, how much further any marketer's sales might have declined without the incentives; this is exactly why many incentive users remain relatively happy even when big gains aren't registered.

Expenditures for dealer travel held up a little better than for merchandise; travel rose by 1.3 percent over last year's budgets, to about $1.07 billion, while the bill for merchandise went up only 0.4 percent, to $2.03 billion.

Only six industry groups showed actual minus figures in the estimated totals, while at the other end of the scale, a half-dozen groups increased their dealer incentive spending by more than 5 percent.

Here is how all the tabulated industries changed their budgeting for dealer incentives this year:

Apparel	+ 6.1%
Auto Parts, Tires & Accessories	+ 3.0%
Automobiles & Trucks	-11.7%
Banks and Savings & Loans	- 4.3%
Beer, Ale & Soft Drinks	+ 4.1%
Building Materials	+ 1.7%
Detergents & Cleansers	+ 8.1%
Electric Appliances	+ 1.7%

Electrical & Lighting Equipment	+ 6.6%
Electronics, Radio & TV	+ 4.7%
Farm Equipment	+ 4.6%
Feed, Fertilizer & Farm Supplies	- 1.4%
Food Products	+ 4.0%
Furniture & Floor Coverings	+ 3.0%
Hardware	+ 1.2%
Heating & Air Conditioning	+ 0.9%
Housewares & Home Furnishings	-17.2%
Industrial Chemicals	+ 1.3%
Insurance	+ 5.8%
Machinery & Supplies	+ 1.9%
Office Equipment	+ 3.7%
Paints & Varnishes	- 0.3%
Paper Products & Packaging	+ 1.2%
Petroleum Products	+ 7.4%
Pharmaceuticals	+ 2.6%
Public Utilities	+10.5%
Publishers, Printers & Broadcasters	+ 0.1%
Sporting Goods & Toys	- 0.9%
Toiletries & Cosmetics	+ 3.0%
Distributors & Wholesalers	+ 3.7%
Retailers	+ 0.2%

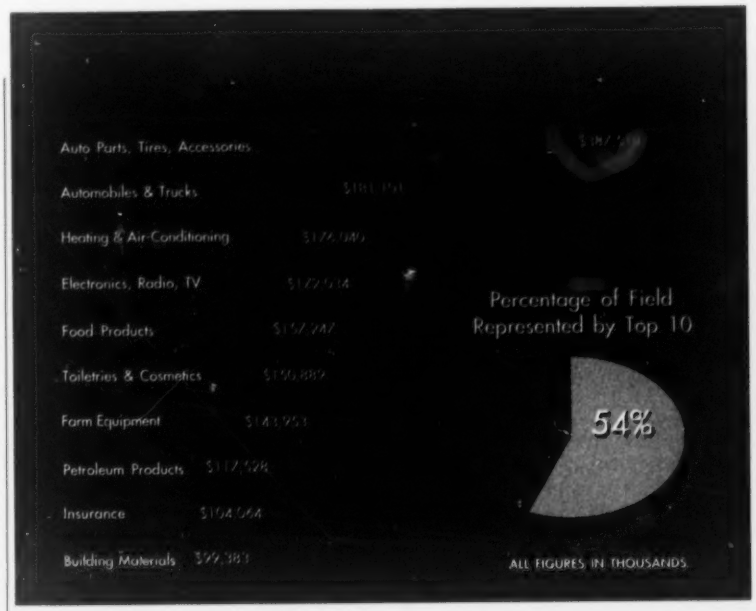
In this year's earlier survey of dealer incentive users, readers reported the largest increases in unit award costs in many years. For merchandise, the average price rose by 84 percent. Though averages tend to mislead in these surveys—a few very large entries can distort greatly—the more stable median figure exploded similarly, to $125, where the median had been either $50 or $60 in each of the previous four years.

Costs for travel users rose by 33 percent on the average, to $2,656. The median went up 40 percent, to $2,100 this year from $1,500—and was 14 percent above the highest-previous mark of $1,850 set in 1989.

With such a cost escalation built into the estimates early in the year, it was clear that fewer awards were factored into the plans: It would have been difficult to squeeze the large reported price increases into budgets that grew by only 4.8 percent over the year before.

Marketers offering dealer incentives set a different standard for measuring their results this year. In evaluating programs last year, 46 percent used dealer orders as a major factor. In this year's survey, 62 percent gave that measure top priority.

Niceties aside, the watchwords were, "Get the order."



INCENTIVE TRAVEL

Incentive-travel planning in 1991 featured some tightening of purse strings in an effort to get the same bang for a smaller buck. Some companies shortened trips, chose domestic instead of foreign sites, left spouses home, and/or let more in-house staffers tackle the chores the incentive firms used to do for them.

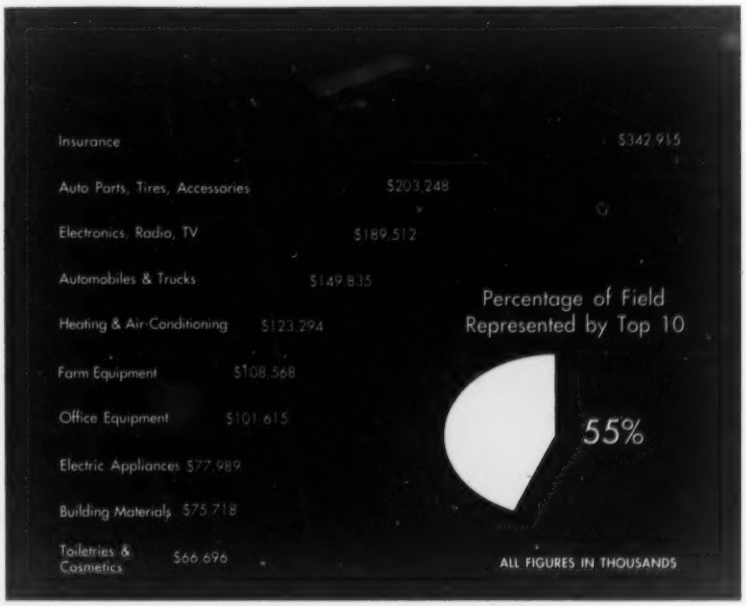
Such moves were fairly isolated, however, and most users stayed with basic plans and used a little restraint to hold costs down in the recession. A subtle shift in objectives was part of the tack. Fewer chose "new-account sales" as the objective for their campaigns, with more emphasis placed on "building morale" and "bolstering a slow season."

Oddly, the decline of new business as a key objective—from a 51-percent choice last year to only 39 percent now—ran counter to responses in earlier sales-force and dealer incentive surveys. In last year's surveys, "sell new accounts" gained more favor than any other target.

In **Incentive**'s travel survey in October, travel users had forecast that 1991 expenditures would be up 3 percent from the previous year; the final figure of 2.9 supported their early judgment. The total estimate for travel programs: $2.6 billion—59 percent of it for sales-force motivation and 41 percent spent on dealer promotion. Sales incentives accounted for the lion's share of growth, at a 4.1-percent rate, while dealer travel rose an estimated 1.3 percent.

Concerning travel-program price tags, this survey found only a moderate rise experienced by most. The per-person trip cost averaged $1,890—up $85 and 4.7 percent from 1990. The median of $1,600 was up $100, 6.7 percent higher than last year. Meanwhile, marketers in the dealer survey said they spent an average of $1,658 per person on travel, and the sales-survey respondents paid an average of $1,534—compared with $1,890 per person in the travel-only study.

The reason for the discrepancy: Only 54 percent of executives responding in the travel survey offer any merchandise awards, while about 80 percent of those in dealer and sales groups are merchandise users. Marketers who combine merchandise and travel in their campaigns tend to give more individual travel awards, plan shorter trips and use more domestic destinations for groups. Such practices naturally depress the averages when compared



with the more elaborate programs of many exclusive travel users targeted in the travel-only survey.

Five industries this year have expanded their travel programs well beyond the average, by more than 6 percent. Banks and savings-and-loans have upped their modest travel budgets by 16.3 percent, and public utilities spent an estimated 9.6 percent more. Also moving up in expenditures for travel are apparel, farm equipment and food products.

Here is how all the industries budgeted their travel efforts this year:

Apparel	+ 8.8%
Auto Parts, Tires & Accessories	+ 5.3%
Automobiles & Trucks	-16.0%
Banks and Savings & Loans	+16.3%
Beer, Ale & Soft Drinks	+ 0.9%
Building Materials	+ 1.8%
Detergents & Cleansers	+ 4.8%
Electric Appliances	+ 3.1%
Electrical & Lighting Equipment	+ 4.5%
Electronics, Radio & TV	+ 4.0%
Farm Equipment	+ 8.5%
Feed, Fertilizer & Farm Supplies	- 3.5%
Food Products	+ 6.3%
Furniture & Floor Coverings	+ 3.2%
Hardware	+ 2.4%
Heating & Air Conditioning	+ 3.1%
Housewares & Home Furnishings	-10.2%
Industrial Chemicals	+ 0.1%
Insurance	+ 4.1%
Machinery & Supplies	+ 4.6%
Office Equipment	+ 0.4%
Paints & Varnishes	- 0.6%
Paper Products & Packaging	- 2.3%
Petroleum Products	+ 5.4%
Pharmaceuticals	+ 4.1%
Public Utilities	+ 9.6%
Publishers, Printers & Broadcasters	+ 3.7%
Sporting Goods & Toys	+ 0.7%
Toiletries & Cosmetics	- 0.1%
Distributors & Wholesalers	+13.6%
Retailers	+ 5.6%

Although the recession has squeezed many travel users' plans, many respondents revealed this similar sentiment: Incentive programs are a positive force in the world of sales, and this isn't a time to retreat from the battle.

CONSUMER PREMIUMS

Consumer incentive promotions dropped slightly this year, with marketers spending 0.4 percent less on incentives than last year.

Within this category, however, there was plenty of varied activity, with retailers writing the worst record (a 10.9-percent decline) and product promoters eking out 3.7 percent in budget additions.

The final estimate of consumer incentive spending is $6.5 billion. About $4.8 billion was spent by the primary producers of products and services, an increase of $175 million. The other $1.63 billion represents offers by retailers—$199 million less than they spent in 1990. Supermarkets, which contribute more than three-fourths of all retail incentive activity, pulled back 9.3 percent, while other retailers slumped even more.

Product marketers showed some reduction in the use of the widely advertised self-liquidator and free mail-in offers—a natural accompaniment to the 12-percent drop in advertising volume reported by the Association of National Advertisers in October. About 8 percent of the promotions mentioned in the FACTS survey on consumer incentives earlier this year were self-liquidators, and 13 percent were free mail-ins. Some 20 percent of the advertised promotions were sweepstakes. Direct premiums were, as usual, the most often-used promotion, with offers to business buyers topping the list at 26 percent of all campaigns listed. Close behind were direct premiums to the consumer—24 percent of the total 1,101 promotions cited by survey respondents. Factory-pack direct offers—on-packs, in-packs and container premiums—accounted for 7 percent, and 2 percent of the users reported using continuous coupon plans.

On the retail side, supermarket continuity and tape-redemption programs declined by 9.7 percent; trading stamps and other frequent-buyer promotions were off by 3.9 percent, and games were cut back by 16 percent. All the non-grocery retailers, who most often give direct premiums to customers with purchases, reduced their incentive promotions by 15.7 percent.

For consumer marketers, the year's results betray an optimistic start. In their responses to **Incentive**'s earlier survey, they had forecast a 7.3-percent rise in their promotional spending this year, only a notch above the 1990 growth rate of 6.6. The difference is just one of many disappointments in the marketplace this year for most industries.

These consumer premium users

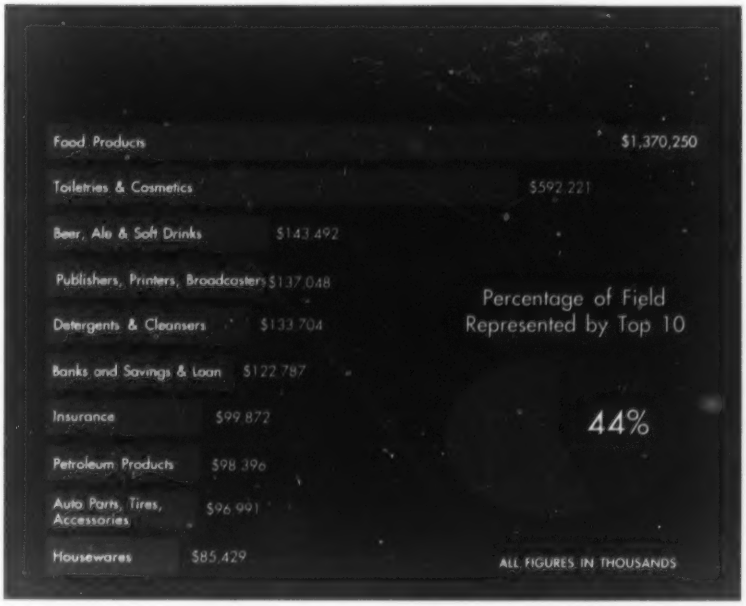
Circle No. 116 on Buyer Action Card

expected a sales yield of 18.3 percent from their promotions, up from the average of 18.1 percent they reported for 1990. Since no recent surveys bearing this question have been conducted, one can only guess at how the intervening months have lowered those expectations.

Among sellers of products and services, a dozen industries dropped below last year's estimated expenditures, with negative figures ranging from 0.4 percent to 9.8 percent. The worst record of -9.8 percent belongs to apparel, but three others—automobiles and trucks; auto parts, tires and accessories; and petroleum products—cut back their consumer incentive spending by 7 percent or more.

On the brighter side, five groups added anywhere from 6.4 to 11.9 percent to their budgets this year. The following shows the performance of all tabulated industry groups relative to last year's expenditures:

Apparel	- 9.8%
Auto Parts, Tires & Accessories	- 7.6%
Automobiles & Trucks	- 8.1%
Banks and Savings & Loans	+ 4.8%
Beer, Ale & Soft Drinks	+ 1.1%
Building Materials	+ 6.4%
Detergents & Cleansers	+ 4.2%
Electric Appliances	+ 0.9%
Electrical & Lighting Equipment	- 0.7%
Electronics, Radio & TV	+ 5.9%
Farm Equipment	+10.4%
Feed, Fertilizer & Farm Supplies	- 5.2%
Food Products	+ 3.6%
Furniture & Floor Coverings	- 1.4%
Hardware	+ 0.2%
Heating & Air Conditioning	- 0.4%
Housewares & Home Furnishings	- 4.4%
Industrial Chemicals	+ 0.6%
Insurance	+ 5.9%
Machinery & Supplies	+ 4.2%
Office Equipment	- 4.9%
Paints & Varnishes	- 4.9%
Paper Products & Packaging	+ 6.8%
Petroleum Products	- 8.4%
Pharmaceuticals	+ 4.5%
Public Utilities	+ 8.3%
Publishers, Printers & Broadcasters	+ 1.3%
Sporting Goods & Toys	- 1.3%
Toiletries & Cosmetics	+11.9%
Distributors & Wholesalers	+3.7%
Retailers	-10.9%



The recession affected the asking prices of self-liquidating premium offers, which declined from the 1990 level. Last year, the average for such offers was $18.80, and the median $8.95. In this year's reports, the users showed an average of $14.57 and a median of $6.95. These same marketers reported liquidating only an average of 67 percent of the cost in a self-liquidator, a lower figure than in recent studies.

Overall, it appears that scaling back the asking prices in some cases is a move to make the offers more attractive to cash-conscious consumers. The move might also have been designed in some cases to cut the perceived losses in a program that doesn't come close to liquidating the costs.

Ironically, however, this comes in an atmosphere in which 65 percent of the users also said they add an amount—stated separately, often in small type—for "postage and handling" (or a similar euphemism)—which seems to contravene the concept of a self-liquidator and what it was originally designed to liquidate.

BUSINESS GIFTS

Come holiday time later this month—the time when three quarters of all business gifts are given—most of the corporate Santa Clauses hope people won't notice the difference. Few have made sharp cuts in their gift budgets, but about 30 percent told **Incentive** in the mid-year survey (see July, p. 74) that they planned to shave a little off the cost of each gift, and maybe even lop a few recipients from the list.

By year's end, it is estimated the result will be a decline of 0.1 percent in total spending—or about $1.7 billion—only $2.2 million less than the 1990 tab.

Business-gift expenditures last year were estimated at 7.4 percent above 1989 levels, but this year, most incentive users funneled dollars toward motivating sales forces. Business gifts fall somewhere between the volume-sensitive types of promotion and the hard-sell realms of sales incentives. They are seen by many as largely discretionary and not yielding any direct sales benefit. In other words, they appear to be the easiest category to eliminate.

Although there was no growth in business-gift spending, 19 of the tabulated industries actually indicated some increases. Most, however, were very small. Four of them managed to keep their generosity up

by 4 percent or more above 1990 spending. For instance, at pharmaceutical companies, where gift-giving is a major practice, executives increased their budgets this year by 13.7 percent.

Here's how all of the industry groups dealt with business-gift budgeting this year:

Apparel	+ 3.1%
Auto Parts, Tires & Accessories	-12.5%
Automobiles & Trucks	-11.9%
Banks and Savings & Loans	- 6.1%
Beer, Ale & Soft Drinks	+ 0.9%
Building Materials	+ 7.0%
Detergents & Cleansers	+ 7.7%
Electric Appliances	- 1.2%
Electrical & Lighting Equipment	- 3.8%
Electronics, Radio & TV	+ 3.3%
Farm Equipment	+ 5.1%
Feed, Fertilizer & Farm Supplies	- 0.8%
Food Products	+ 4.6%
Furniture & Floor Coverings	+ 0.7%
Hardware	- 2.2%
Heating & Air Conditioning	+ 0.9%
Housewares & Home Furnishings	-18.2%
Industrial Chemicals	+ 1.8%
Insurance	+ 0.4%
Machinery & Supplies	+ 3.3%
Office Equipment	+ 2.3%
Paints & Varnishes	+ 1.9%
Paper Products & Packaging	+ 3.6%
Petroleum Products	+ 3.5%
Pharmaceuticals	+13.7%
Public Utilities	+ 9.5%
Publishers, Printers & Broadcasters	+ 2.2%
Sporting Goods & Toys	-1.4%
Toiletries & Cosmetics	-6.7%
Distributors & Wholesalers	+4.8%
Retailers	-1.5%

NON-SALES AWARDS

In the drive for productivity and quality in the workplace, more American companies are using incentive awards to motivate their non-selling employees. But spending slowed in 1991, to an average of about 2.4 percent more than 1990 outlays, according to a mid-year **Incentive** survey of non-sales incentive-program users (see June, p. 40).

Still, the number of users has increased greatly. **Incentive** first surveyed employee incentives in 1988. The following year, all executives in the annual usage surveys were asked for estimates of their expenditures for employee awards, along with all other forms of incentives. The same data have been gathered in each survey since then—although the editors have not yet determined that the findings are reliable enough to be included in the total individual-industry reports that follow this story.

But the response rate is revealing. In 1989, about 24 percent of all survey respondents said they gave non-sales incentives; the next year, that figure rose to 27 percent. In the 1991 surveys, 40 percent have provided figures for employee awards.

Because this information is a relatively new part of the survey, one can't say firmly that the users have increased from 27 percent of respondents to 40 percent in one year—without being certain of all the factors that might bias the result. Yet it seems certain that many more companies are adopting employee motivation programs each year.

Office workers remain the key targets of these programs, with office productivity cited as the single most common objective, embraced by 57 percent of respondents. Plant productivity runs second at 35 percent; suggestions and quality control are close behind, at 34 percent each. More than 30 percent of respondents offer safety awards, and attendance is the objective for 17 percent. Thirty-one percent report giving length-of-service awards.

One problem in defining this field and the dollars spent is the fairly large incidence of cash awards. Use of merchandise and travel is increasing, but respondents in the mid-year survey reported that 30 percent of their expenditures are still for cash awards. In all, 53 percent of the executives said they use some cash. Merchandise awards accounted for 32 percent of this year's spending, and travel 17 percent; the remaining 21 percent went for recognition awards.

Incentives for non-sales employees have long suffered from the same prejudice that beset sales incentives in many companies: the contention that "people are paid to do the job" and there's no need to offer anything extra as an incentive. But as productivity and quality become high-profile goals for all businesses, the foundations of that argument are cracking. Incentives are becoming more fashionable in the factory and the office. □

INCENTIVE SPENDING: THE YEAR IN REVIEW

Following are the estimated incentive expenditures in all categories for 32 industries surveyed throughout the year. Note that **Incentive***'s estimates of consumer expenditures have been treated differently this year, as shown in the following industry tables. The breakdown of figures in two categories—mail-in offers and direct premiums in most industries; sweepstakes, games and continuity programs for retailers—has been eliminated. Consumer expenditure estimates are now presented in a single line for each industry.*

MANUFACTURING INDUSTRIES

	EXPENDITURES 1991		EXPENDITURES 1990	
APPAREL	**$ 62,703,000**	**– 2.0%**	**$ 63,982,000**	**+ 2.5%**
● TRADE INCENTIVES				
Sales force merchandise	$ 20,042,000	– 4.2%	$ 20,921,000	+ 8.9%
Sales force travel	$ 5,160,000	+ 9.2%	$ 4,725,000	– 3.7%
Dealer merchandise	$ 8,872,000	+ 6.2%	$ 8,354,000	+ 2.8%
Dealer travel	$ 472,000	+ 4.4%	$ 452,000	– 4.1%
● BUSINESS GIFTS	$ 12,125,000	+ 3.1%	$ 11,760,000	+ 4.1%
● CONSUMER PREMIUMS	$ 16,032,000	– 9.8%	$ 17,770,000	– 3.6%
AUTO PARTS, TIRES, ACCESSORIES	**$ 962,426,000**	**+ 0.7%**	**$ 955,838,000**	**+ 6.8%**
● TRADE INCENTIVES				
Sales force merchandise	$ 267,552,000	+ 4.6%	$ 255,869,000	+ 7.9%
Sales force travel	$ 112,193,000	+ 5.1%	$ 106,743,000	– 0.3%
Dealer merchandise	$ 296,458,000	+ 2.3%	$ 289,797,000	+ 13.5%
Dealer travel	$ 91,055,000	+ 5.5%	$ 86,303,000	+ 5.6%
● BUSINESS GIFTS	$ 98,177,000	– 12.5%	$ 112,167,000	+ 3.4%
● CONSUMER PREMIUMS	$ 96,991,000	– 7.6%	$ 104,959,000	– 0.6%
AUTOMOBILES & TRUCKS	**$ 550,661,000**	**– 2.5%**	**$ 564,829,000**	**+ 11.8%**
● TRADE INCENTIVES				
Sales force merchandise	$ 267,244,000	+ 8.7%	$ 245,885,000	+ 17.6%
Sales force travel	$ 30,055,000	– 6.3%	$ 32,063,000	+ 3.1%
Dealer merchandise	$ 61,321,000	+ 4.5%	$ 58,685,000	+ 5.8%
Dealer travel	$ 119,780,000	– 18.1%	$ 146,310,000	+ 13.8%
● BUSINESS GIFTS	$ 69,737,000	– 11.9%	$ 79,140,000	+ 0.9%
BEER, ALE & SOFT DRINKS	**$ 283,069,000**	**+ 3.6%**	**$ 273,288,000**	**+ 6.7%**
● TRADE INCENTIVES				
Sales force merchandise	$ 73,002,000	+ 10.5%	$ 66,065,000	+ 1.6%
Sales force travel	$ 14,072,000	– 2.5%	$ 14,433,000	+ 9.4%
Dealer merchandise	$ 33,441,000	+ 3.2%	$ 32,404,000	+ 14.2%
Dealer travel	$ 7,078,000	+ 8.4%	$ 6,530,000	+ 2.3%
● BUSINESS GIFTS	$ 11,984,000	+ 0.9%	$ 11,877,000	+ 5.3%
● CONSUMER PREMIUMS	$ 143,492,000	+ 1.1%	$ 141,979,000	+ 7.6%

	EXPENDITURES 1991		EXPENDITURES 1990	
BUILDING MATERIALS	**$ 416,217,000**	**+ 4.4%**	**$ 398,735,000**	**+ 7.5%**
● TRADE INCENTIVES				
Sales force merchandise	$ 165,768,000	+ 5.0%	$ 157,874,000	+ 9.4%
Sales force travel	$ 42,659,000	+ 2.6%	$ 41,578,000	+ 4.9%
Dealer merchandise	$ 66,324,000	+ 2.1%	$ 64,960,000	+ 0.5%
Dealer travel	$ 33,059,000	+ 0.8%	$ 32,797,000	+ 1.3%
● BUSINESS GIFTS	$ 65,069,000	+ 7.0%	$ 60,795,000	+ 19.1%
● CONSUMER PREMIUMS	$ 44,338,000	+ 6.4%	$ 40,731,000	+ 4.4%
DETERGENTS & CLEANSERS	**$ 265,669,000**	**+ 6.6%**	**$ 249,283,000**	**+ 9.0%**
● TRADE INCENTIVES				
Sales force merchandise	$ 79,140,000	+ 9.9%	$ 72,011,000	+ 2.5%
Sales force travel	$ 3,244,000	+ 5.8%	$ 3,066,000	+ 2.1%
Dealer merchandise	$ 37,673,000	+ 8.3%	$ 34,786,000	+ 3.6%
Dealer travel	$ 920,000	+ 1.4%	$ 907,000	+ 10.4%
● BUSINESS GIFTS	$ 10,988,000	+ 7.7%	$ 10,202,000	+ 1.4%
ELECTRIC APPLIANCES	**$ 245,145,000**	**+ 1.1%**	**$ 242,443,000**	**+ 6.6%**
● TRADE INCENTIVES				
Sales force merchandise	$ 36,853,000	+ 0.6%	$ 36,633,000	+ 7.8%
Sales force travel	$ 14,857,000	+ 7.8%	$ 13,782,000	+ 3.4%
Dealer merchandise	$ 35,113,000	+ 1.3%	$ 34,662,000	+ 2.9%
Dealer travel	$ 63,132,000	+ 2.0%	$ 61,894,000	+ 7.2%
● BUSINESS GIFTS	$ 54,331,000	– 1.2%	$ 54,977,000	+ 8.3%
● CONSUMER PREMIUMS	$ 40,859,000	+ 0.9%	$ 40,495,000	+ 6.9%
ELECTRICAL & LIGHTING EQUIPMENT	**$ 145,553,000**	**+ 1.4%**	**$ 143,497,000**	**+ 9.4%**
● TRADE INCENTIVES				
Sales force merchandise	$ 23,758,000	– 5.2%	$ 25,061,000	+ 11.5%
Sales force travel	$ 11,048,000	+ 7.3%	$ 10,296,000	+ 14.1%
Dealer merchandise	$ 46,859,000	+ 8.1%	$ 43,348,000	+ 6.0%
Dealer travel	$ 18,202,000	+ 2.8%	$ 17,706,00	+ 11.6%
● BUSINESS GIFTS	$ 33,218,000	– 3.8%	$ 34,530,000	+ 15.4%
ELECTRONICS, RADIO & TV	**$ 550,995,000**	**+ 4.8%**	**$ 525,821,000**	**+ 5.3%**
● TRADE INCENTIVES				
Sales force merchandise	$ 210,894,000	+ 5.3%	$ 200,279,000	+ 4.7%
Sales force travel	$ 67,479,000	+ 3.6%	$ 65,134,000	+ 19.3%
Dealer merchandise	$ 50,001,000	+ 5.8%	$ 47,260,000	+ 2.4%
Dealer travel	$ 122,033,000	+ 4.3%	$ 117,002,000	+ 3.7%
● BUSINESS GIFTS	$ 48,917,000	+ 3.3%	$ 47,354,000	– 1.3%
● CONSUMER PREMIUMS	$ 51,671,000	+ 5.9%	$ 48,792,000	+ 4.6%

	EXPENDITURES 1991		EXPENDITURES 1990	
FARM EQUIPMENT	**$ 233,213,000**	**+ 5.6%**	**$ 220,857,000**	**+ 1.7%**
● TRADE INCENTIVES				
Sales force merchandise	$ 30,505,000	+ 6.1%	$ 28,751,000	+ 2.4%
Sales force travel	$ 35,204,000	+ 8.2%	$ 32,536,000	+ 6.1%
Dealer merchandise	$ 70,589,000	+ 0.8%	$ 70,029,000	– 0.7%
Dealer travel	$ 73,364,000	+ 8.6%	$ 67,554,000	+ 2.0%
● BUSINESS GIFTS	$ 14,329,000	+ 5.1%	$ 13,634,000	+ 3.5%
● CONSUMER PREMIUMS	$ 9,222,000	+10.4%	$ 8,353,000	– 2.7%
FEED, FERTILIZER & FARM SUPPLIES	**$ 228,875,000**	**– 2.8%**	**$ 235,352,000**	**+ 4.9%**
● TRADE INCENTIVES				
Sales force merchandise	$ 39,701,000	– 1.7%	$ 40,388,000	– 3.4%
Sales force travel	$ 17,712,000	– 3.0%	$ 18,260,000	+ 8.1%
Dealer merchandise	$ 56,020,000	– 0.1%	$ 56,083,000	+ 6.3%
Dealer travel	$ 31,517,000	– 3.7%	$ 32,728,000	+11.1%
● BUSINESS GIFTS	$ 13,565,000	– 0.8%	$ 13,674,000	– 2.1%
FOOD PRODUCTS	**$ 1,866,185,000**	**+ 4.1%**	**$ 1,792,352,000**	**+ 10.0%**
● TRADE INCENTIVES				
Sales force merchandise	$ 247,555,000	+ 6.3%	$ 232,883,000	+ 6.2%
Sales force travel	$ 39,724,000	+ 8.3%	$ 36,680,000	+ 2.8%
Dealer merchandise	$ 144,595,000	+ 4.3%	$ 138,634,000	+11.2%
Dealer travel	$ 12,652,000	+ 0.3%	$ 12,614,000	+ 6.6%
● BUSINESS GIFTS	$ 51,409,000	+ 4.6%	$ 49,148,000	+ 8.8%
● CONSUMER PREMIUMS	$1,370,250,000	+ 3.6%	$1,322,393,000	+10.9%
FURNITURE & FLOOR COVERINGS	**$ 105,793,000**	**+ 2.2%**	**$ 103,496,000**	**+ 8.6%**
● TRADE INCENTIVES				
Sales force merchandise	$ 16,171,000	+ 1.8%	$ 15,885,000	+11.1%
Sales force travel	$ 4,665,000	+ 3.4%	$ 4,512,000	+10.4%
Dealer merchandise	$ 45,985,000	+ 2.9%	$ 44,689,000	+ 9.9%
Dealer travel	$ 21,572,000	+ 3.1%	$ 20,923,000	+ 8.0%
● BUSINESS GIFTS	$ 7,559,000	+ 0.7%	$ 7,506,000	+ 3.4%
HARDWARE	**$ 38,071,000**	**+ 0.8%**	**$ 37,763,000**	**+ 6.0%**
● TRADE INCENTIVES				
Sales force merchandise	$ 12,373,000	+ 1.3%	$ 12,214,000	+16.8%
Sales force travel	$ 3,118,000	+ 1.8%	$ 3,063,000	+11.1%
Dealer merchandise	$ 9,569,000	+ 0.8%	$ 9,493,000	– 0.9%
Dealer travel	$ 1,378,000	+ 3.9%	$ 1,326,000	+15.4%
● BUSINESS GIFTS	$ 2,359,000	– 2.2%	$ 2,412,000	+ 8.1%
● CONSUMER PREMIUMS	$ 9,274,000	+ 0.2%	$ 9,255,000	– 2.1%

	EXPENDITURES 1991		EXPENDITURES 1990	
HEATING & AIR CONDITIONING	**$ 332,952,000**	**0.0%**	**$ 332,809,000**	**+ 6.9%**
● TRADE INCENTIVES				
Sales force merchandise	$ 46,789,000	– 4.5%	$ 48,994,000	+ 3.8%
Sales force travel	$ 60,312,000	+ 1.1%	$ 59,656,000	+10.9%
Dealer merchandise	$ 113,058,000	– 1.3%	$ 114,547,000	+ 8.1%
Dealer travel	$ 62,982,000	+ 5.0%	$ 59,983,000	+ 8.3%
● BUSINESS GIFTS	$ 29,526,000	+ 0.9%	$ 29,263,000	+ 2.0%
● CONSUMER PREMIUMS	$ 20,285,000	– 0.4%	$ 20,366,000	+ 0.4%
HOUSEWARES & HOME FURNISHINGS	**$ 187,822,000**	**– 10.0%**	**$ 208,723,000**	**+ 0.2%**
● TRADE INCENTIVES				
Sales force merchandise	$ 50,721,000	– 8.1%	$ 55,192,000	+ 2.1%
Sales force travel	$ 9,253,000	–10.4%	$ 10,327,000	+ 8.6%
Dealer merchandise	$ 21,541,000	– 9.2%	$ 26,660,000	+ 3.4%
Dealer travel	$ 6,731,000	–10.0%	$ 7,479,000	+ 0.8%
● BUSINESS GIFTS	$ 14,147,000	–18.2%	$ 19,704,000	+ 8.5%
INDUSTRIAL CHEMICALS	**$ 128,300,000**	**+ 3.1%**	**$ 124,487,000**	**+ 4.5%**
● TRADE INCENTIVES				
Sales force merchandise	$ 32,893,000	+ 7.9%	$ 30,485,000	+14.3%
Sales force travel	$ 10,160,000	+ 3.6%	$ 9,807,000	+15.1%
Dealer merchandise	$ 36,650,000	+ 2.5%	$ 35,756,000	– 4.1%
Dealer travel	$ 7,017,000	– 4.6%	$ 7,355,000	– 3.9%
● BUSINESS GIFTS	$ 21,151,000	+ 1.8%	$ 20,777,000	+ 8.9%
● CONSUMER PREMIUMS	$ 20,429,000	+ 0.6%	$ 20,307,000	+ 1.9%
MACHINERY & SUPPLIES	**$ 191,677,000**	**+ 2.0%**	**$ 187,866,000**	**+ 7.7%**
● TRADE INCENTIVES				
Sales force merchandise	$ 86,156,000	+ 0.7%	$ 85,557,000	+10.1%
Sales force travel	$ 37,005,000	+ 3.5%	$ 35,754,000	+ 2.4%
Dealer merchandise	$ 9,991,000	– 5.7%	$ 10,595,000	+ 6.3%
Dealer travel	$ 16,130,000	+ 7.3%	$ 15,033,000	+ 5.6%
● BUSINESS GIFTS	$ 28,858,000	+ 3.3%	$ 27,936,000	+10.7%
● CONSUMER PREMIUMS	$ 13,537,000	+ 4.2%	$ 12,991,000	+ 5.4%
OFFICE EQUIPMENT	**$ 319,535,000**	**– 1.4%**	**$ 324,069,000**	**+ 1.0%**
● TRADE INCENTIVES				
Sales force merchandise	$ 63,424,000	– 4.7%	$ 66,552,000	+ 2.9%
Sales force travel	$ 80,373,000	+ 0.2%	$ 80,213,000	+ 0.3%
Dealer merchandise	$ 39,732,000	+ 5.2%	$ 37,768,000	+ 3.7%
Dealer travel	$ 21,242,000	+ 1.1%	$ 21,011,000	+ 4.1%
● BUSINESS GIFTS	$ 33,440,000	+ 2.3%	$ 33,011,000	+ 0.7%
● CONSUMER PREMIUMS	$ 81,324,000	– 4.9%	$ 85,514,000	– 1.5%

	EXPENDITURES 1991		EXPENDITURES 1990	
PAINTS & VARNISHES	**$ 68,369,000**	**+ 0.1%**	**$ 68,325,000**	**– 2.9%**
• TRADE INCENTIVES				
Sales force merchandise	$ 16,711,000	+ 4.8%	$ 15,946,000	– 2.6%
Sales force travel	$ 6,191,000	+ 2.9%	$ 6,017,000	+ 1.2%
Dealer merchandise	$ 13,858,000	+ 1.7%	$ 13,626,000	– 4.3%
Dealer travel	$ 11,496,000	– 2.4%	$ 11,779,000	– 0.2%
• BUSINESS GIFTS	$ 2,738,000	+ 1.9%	$ 2,687,000	+ 3.2%
• CONSUMER PREMIUMS	$ 17,375,000	– 4.9%	$ 18,270,000	– 5.9%
PAPER PRODUCTS & PACKAGING	**$ 105,153,000**	**+ 3.3%**	**$ 101,772,000**	**+ 13.9%**
• TRADE INCENTIVES				
Sales force merchandise	$ 14,891,000	+ 1.2%	$ 14,714,000	+25.5%
Sales force travel	$ 11,961,000	– 3.7%	$ 12,421,000	+16.8%
Dealer merchandise	$ 11,404,000	+ 1.8%	$ 11,202,000	+12.3%
Dealer travel	$ 6,498,000	+ 0.3%	$ 6,479,000	+19.2%
• BUSINESS GIFTS	$ 14,051,000	+ 3.6%	$ 13,563,000	+11.2%
PETROLEUM PRODUCTS	**$ 322,692,000**	**+ 1.1%**	**$ 319,273,000**	**+ 3.0%**
• TRADE INCENTIVES				
Sales force merchandise	$ 72,207,000	+ 5.0%	$ 68,769,000	+ 4.5%
Sales force travel	$ 17,844,000	+ 2.1%	$ 17,477,000	+ 6.7%
Dealer merchandise	$ 99,334,000	+ 7.1%	$ 92,749,000	+ 8.1%
Dealer travel	$ 18,194,000	+ 8.9%	$ 16,707,000	+10.4%
• BUSINESS GIFTS	$ 16,717,000	+ 3.5%	$ 16,152,000	– 5.1%
• CONSUMER PREMIUMS	$ 98,396,000	– 8.4%	$ 107,419,000	– 2.2%
PHARMACEUTICALS	**$ 217,643,000**	**+ 6.1%**	**$ 205,124,000**	**+ 1.6%**
• TRADE INCENTIVES				
Sales force merchandise	$ 59,409,000	+ 6.2%	$ 55,941,000	–10.9%
Sales force travel	$ 22,018,000	+ 2.8%	$ 21,418,000	+14.4%
Dealer merchandise	$ 27,064,000	+ 1.0%	$ 26,796,000	+ 3.7%
Dealer travel	$ 11,768,000	+ 6.6%	$ 11,039,000	+ 6.1%
• BUSINESS GIFTS	$ 42,121,000	+13.7%	$ 37,047,000	+13.2%
• CONSUMER PREMIUMS	$ 55,263,000	+ 4.5%	$ 52,883,000	+ 2.9%
SPORTING GOODS & TOYS	**$ 58,042,000**	**– 0.2%**	**$ 58,164,000**	**+ 4.3%**
• TRADE INCENTIVES				
Sales force merchandise	$ 10,887,000	+ 2.1%	$ 10,663,000	+ 8.0%
Sales force travel	$ 7,655,000	+ 1.4%	$ 7,549,000	+ 9.4%
Dealer merchandise	$ 11,410,000	– 1.2%	$ 11,549,000	+ 7.2%
Dealer travel	$ 5,362,000	– 0.2%	$ 5,373,000	+13.3%
• BUSINESS GIFTS	$ 2,982,000	– 1.4%	$ 3,024,000	+ 7.3%
• CONSUMER PREMIUMS	$ 19,746,000	– 1.3%	$ 20,006,000	– 3.1%

	EXPENDITURES 1991		EXPENDITURES 1990	
TOILETRIES & COSMETICS	**$ 1,233,621,000**	**+ 5.7%**	**$ 1,166,872,000**	**+ 8.9%**
• TRADE INCENTIVES				
Sales force merchandise	$ 360,367,000	+ 1.4%	$ 355,392,000	+ 1.5%
Sales force travel	$ 47,569,000	+ 0.7%	$ 47,238,000	+11.8%
Dealer merchandise	$ 131,762,000	+ 3.8%	$ 126,938,000	+15.8%
Dealer travel	$ 19,127,000	– 2.2%	$ 19,557,000	– 6.0%
• BUSINESS GIFTS	$ 82,575,000	– 6.7%	$ 88,505,000	+ 1.6%
• CONSUMER PREMIUMS	$ 592,221,000	+11.9%	$ 529,242,000	+13.3%

MISCELLANEOUS MANUFACTURERS	**$ 1,022,121,000**	**+ 4.3%**	**$ 980,139,000**	**+ 8.6%**
• TRADE INCENTIVES				
Sales force merchandise	$ 165,871,000	+ 4.4%	$ 158,818,000	+ 5.2%
Sales force travel	$ 52,335,000	+ 9.0%	$ 48,030,000	+16.4%
Dealer merchandise	$ 153,241,000	+ 5.3%	$ 145,493,000	+ 8.8%
Dealer travel	$ 38,468,000	+10.4%	$ 34,831,000	+12.9%
• BUSINESS GIFTS	$ 90,288,000	+ 1.2%	$ 89,185,000	+ 3.6%
• CONSUMER PREMIUMS	$ 521,918,000	+ 3.6%	$ 503,782,000	+ 9.7%

SERVICE INDUSTRIES

BANKS AND SAVINGS & LOANS	**$ 228,470,000**	**+ 7.0%**	**$ 220,687,000**	**– 0.7%**
• TRADE INCENTIVES				
Sales force merchandise	$ 47,646,000	+ 4.7%	$ 45,507,000	+14.6%
Sales force travel	$ 3,783,000	+17.8%	$ 3,211,000	+13.5%
Dealer merchandise	$ 2,040,000	– 5.6%	$ 2,160,000	– 4.1%
Dealer travel	$ 392,000	+ 3.2%	$ 380,000	+ 2.0%
• BUSINESS GIFTS	$ 51,822,000	– 6.1%	$ 55,215,000	+ 8.0%
• CONSUMER PREMIUMS	$ 122,787,000	+ 4.8%	$ 117,163,000	– 4.7%

DISTRIBUTORS & WHOLESALERS	**$ 1,705,724,000**	**+ 4.5%**	**$ 1,632,840,000**	**+ 8.9%**
• TRADE INCENTIVES				
Sales force merchandise	$ 539,681,000	+ 4.9%	$ 514,390,000	+18.7%
Sales force travel	$ 43,433,000	+11.2%	$ 39,066,000	+12.1%
Dealer merchandise	$ 171,811,000	+ 2.1%	$ 168,268,000	+ 1.3%
Dealer travel	$ 27,640,000	+14.9%	$ 24,043,000	+ 2.5%
• BUSINESS GIFTS	$ 310,964,000	+ 4.8%	$ 296,721,000	+10.0%
• CONSUMER PREMIUMS	$ 612,195,000	+ 3.7%	$ 590,352,000	+ 3.3%

	EXPENDITURES 1991		EXPENDITURES 1990	
INSURANCE	**$ 848,022,000**	**+ 7.5%**	**$ 788,863,000**	**+ 8.1%**
● TRADE INCENTIVES				
Sales force merchandise	$ 318,122,000	+14.1%	$ 278,810,000	+ 8.9%
Sales force travel	$ 252,827,000	+ 3.4%	$ 244,514,000	+ 8.7%
Dealer merchandise	$ 13,976,000	+ 3.1%	$ 13,556,000	– 8.7%
Dealer travel	$ 90,088,000	+ 6.2%	$ 84,829,000	+13.5%
● BUSINESS GIFTS	$ 73,137,000	+ 0.4%	$ 72,846,000	+ 9.3%
PUBLIC UTILITIES	**$ 33,406,000**	**+ 9.4%**	**$ 30,526,000**	**+ 7.8%**
● TRADE INCENTIVES				
Sales force merchandise	$ 8,665,000	+14.5%	$ 7,568,000	+ 2.8%
Sales force travel	$ 4,537,000	+10.1%	$ 4,121,000	+19.0%
Dealer merchandise	$ 4,101,000	+11.2%	$ 3,688,000	+11.8%
Dealer travel	$ 408,000	+ 4.3%	$ 391,000	+ 4.8%
● BUSINESS GIFTS	$ 3,426,000	+ 9.5%	$ 3,129,000	+13.4%
PUBLISHERS, PRINTERS & BROADCASTERS	**$ 339,354,000**	**+ 1.5%**	**$ 334,396,000**	**+ 9.5%**
● TRADE INCENTIVES				
Sales force merchandise	$ 112,462,000	+ 1.3%	$ 111,019,000	+ 3.5%
Sales force travel	$ 26,673,000	+ 3.3%	$ 25,821,000	+17.4%
Dealer merchandise	$ 14,959,000	– 2.2%	$ 15,295,000	+ 7.8%
Dealer travel	$ 7,021,000	+ 5.3%	$ 6,668,000	+12.2%
● BUSINESS GIFTS	$ 41,191,000	+ 2.2%	$ 40,304,000	+ 6.6%
RETAILERS	**$ 2,849,271,000**	**– 4.7%**	**$ 2,990,246,000**	**+ 6.5%**
● TRADE INCENTIVES				
Sales force merchandise	$ 522,306,000	+ 7.9%	$ 484,065,000	+ 8.4%
Sales force travel	$ 345,440,000	+ 6.3%	$ 324,967,000	+ 4.2%
Dealer merchandise	$ 53,991,000	– 0.1%	$ 54,022,000	+ 0.7%
Dealer travel	$ 42,824,000	+ 0.6%	$ 42,557,000	+ 3.2%
● BUSINESS GIFTS	$ 251,562,000	– 1.5%	$ 252,393,000	+15.8%
MISCELLANEOUS SERVICES	**$ 1,107,084,000**	**+ 1.8%**	**$ 1,087,542,000**	**+ 7.1%**
● TRADE INCENTIVES				
Sales force merchandise	$ 331,407,000	– 0.7%	$ 333,737,000	+15.1%
Sales force travel	$ 121,278,000	+ 4.9%	$ 115,584,000	+ 4.2%
Dealer merchandise	$ 138,290,000	– 7.8%	$ 149,989,000	+ 3.7%
Dealer travel	$ 81,335,000	+ 5.5%	$ 77,095,000	– 6.5%
● BUSINESS GIFTS	$ 150,319,000	+ 2.7%	$ 146,367,000	+ 1.9%